NOTICE OF MEETING

A meeting of the Board of Management will take place at 1400 hours on Monday 03 October 2016 in the Boardroom at the Fraserburgh Campus.

MEMBERS OF THE BOARD OF MANAGEMENT
Mr. D Anderson  
Ms. A Bell  
Ms. S Cormack  
Mr. D Duthie  
Mr. J Gall  
Mr. I Gossip  
Prof. J Harper  
Mr. J Henderson  
Ms. C Inglis  
Ms. S Masson  
Mr. R McGregor  
Mr. K Milroy (Chair)  
Mr. D Russell  
Ms. A Simpson  
Mr. A Smith  
Mr. R Wallen  
Ms. K Wetherall

IN ATTENDANCE  
Ms. P May, Secretary to the Board of Management  
Ms. P Kesson, Minute Secretary
03 October 2016

Agenda

1  Apologies for absence

2  Minute of the previous meeting
   2.1 Minute of the meeting of 19 July 2016 (paper enclosed)

3  Matters arising from previous meeting (paper enclosed)

4  Report to the Board by the Regional Chair (paper enclosed)

5  Report to the Board by the Principal (paper enclosed)

6  Reports by Chair and Standing Committee Chairs
   6.1 Meetings of Standing and Ad Hoc Committees (paper enclosed)

7  Matters for decision
   7.1 North East Scotland College Position relating to National Collective Bargaining
       (paper enclosed)
   7.2 Review of Governance Manual (paper enclosed)
   7.3 Equality and Diversity Champion (paper enclosed)
   7.4 Remuneration Committee (item was withdrawn from the meeting)

8  Matters for discussion
   8.1 Updated Code of Good Governance for Scotland’s Colleges (paper enclosed)
   8.2 Board Evaluation Processes (paper enclosed)
   8.3 Board Planning Event (paper enclosed)
   8.4 New College Quality Arrangements (paper enclosed)
   8.5 Risk Registers (paper enclosed)
   8.6 Internal Audit Programme, 12 months to 31 July 2017 (paper enclosed)
   8.7 Report by the Investment and Project Committee (paper enclosed)

9  Matter for information
   9.1 Developing Scotland’s Young Workforce Conference (oral update)

10 Summation of Business and Date of Next Meeting

Reserved Items of Business

11 Matters for discussion
   11.1 Meetings of Standing and Ad Hoc Committees – Reserved Items of Business
   11.2 Aberdeen Skills and Enterprise Training Limited – Annual Report by Chair (oral report)
   11.3 Regional Chair’s Annual Appraisal by Vice Chair (oral update)

12 Summation of Reserved Items of Business
Draft Minute of Meeting of 19 July 2016

The meeting commenced at 1305 hours.

PRESENT – D Anderson, A Bell, J Gall, I Gossip, J Harper, J Henderson, R McGregor, K Milroy (Chair), D Russell, A Simpson, A Smith, R Wallen
IN ATTENDANCE – R Scott, M Bochel, M Jarvie, P May, P Kesson

1. Apologies for Absence
Apologies were received from S Cormack, D Duthie, C Inglis, S Masson, K Wetherall.

2. Minute of previous Meeting
The Minute of Meeting held on 06 June 2016 was approved.

3. Matters arising from previous Meeting
Members noted a paper providing information on matters arising.

4. Report to the Board by the Regional Chair
The Board noted a paper providing information on: appointment of new Principal and Chief Executive; review of Code of Good Governance; ASET; and attendance at meetings.

Mr Milroy thanked those Members of staff who had participated in the appointments process for the new Principal and Chief Executive. Members were advised that Ms McIntyre was expected to take up her post on 05 December 2016 and that Mr Wallen would leave the College on 09 December 2016. Mr Milroy also expressed thanks to the College staff and the recruitment agency staff who had been involved in arranging various aspects of the selection and appointments process.

5. Report to the Board by the Principal
The Board noted a paper providing information on: College funding for 2016-17; national collective bargaining; visits by an MP and MSPs; proposed visit by the Minister for Further Education, Higher Education and Science; proposed meeting of Principals of the University of Aberdeen, RGU and the College with local MSPs; Crimond Health Centre; inter-campus football tournament; Enterprise and Skills Review Board; awards; College Development Network Awards submissions; Beacon Award submission; regional curriculum pathways; and business continuity planning.

Mr Wallen provided additional information on national collective bargaining; visits by an MP and MSPs; the forthcoming visit of the Minister for Further Education, Higher Education and Science; the need to submit entries for further awards; and business continuity planning.

It was agreed that the development of the regional curriculum pathways publication should be considered for future awards submissions.

6. Matters for Decision

6.1 Estates Strategy – Masterplans
The Board noted a paper providing information on the format of the session to be delivered by BDP under agenda item 6.2.

6.2 Estates Strategy – BDP Session
The Board received a presentation from Martin Jarvie of BDP on phase 2 of the College’s recently adopted Estates Strategy, including Masterplans for Gallowgate and Altens and their associated cost overviews.

Mr Jarvie informed the Board that there were no fundamental issues with planning controls for the City Centre Campus. It was noted that as the Altens Campus constituted a major development, stakeholder consultation would be required. Mr Jarvie said the Council had been supportive of the Altens redevelopment and no concerns had been raised which would block the project.
Ms Bochel commented that there had been car parking issues raised with the Altens Masterplan but these had now been resolved.

In response to a question, Mr Jarvie confirmed that implementation strategies for the sites had been prepared with detail requirements in relation to decanting and staging.

Mr Wallen reported that the SFC Capital Funding Directorate have indicated their support but have said it is unlikely that in any one year the College would get totality of funding, and have suggested that the Estates Strategy be phased over three financial years. It was noted that the Masterplans can run independently and that the College would decide the phasing of work in accordance with available funding.

The Board approved the Masterplans and it was agreed that further work would now be undertaken to progress the College’s Estates Strategy. It was noted that the Board’s Investment & Project Committee would have oversight of this.

Members noted that further discussions will require to take place with the SFC, local politicians and College staff and students. It was agreed that when discussing, the Masterplans should be viewed as proposals which are subject to change in certain aspects such as room layout.

Mr Jarvie suggested that Mr Wallen might want to contact Kevin Stewart MSP to enlist his assistance with the progression of the Estates Strategy.

Mr Wallen commented that there had already been a lot of positive feedback in relation to the Estates Strategy.

Mr Milroy thanked Mr Jarvie and Ms Bochel for their attendance and they left the meeting.

It was agreed that Agenda Item 9.1 should be discussed at this time.

Reserved Item of Business

9. Matter for Decision
   9.1 College Budgets

6. Matters for Decision
   6.3 Committee Membership
   6.4 Fellowship Scheme

7. Matters for Discussion
   7.1 Governing Bodies, Equality and Diversity
   7.2 157 Group – Business Development

8. Summation of Business and date and time of next Meeting
   The next meeting of the Board of Management is scheduled to take place on Monday 03 October 2016 at Fraserburgh Campus.

The meeting concluded at 1415 hours.
Matters Arising from the Minute of the Previous Meeting

1 Introduction
   1.1 This paper is to update the Board of Management on matters arising from the minute of the meeting of 19 July 2016.

2 Matters Arising
   2.1 The following provide an update on matters discussed at the last meeting of the Board of Management:

   6.1 Estates Strategy - Masterplans
   A brief update on developments relating to the College’s Estates Development Strategy has been included in the Report by the Principal.

   6.4 Fellowship
   Following a decision of the Board that it would be valuable to establish a North East Scotland College Fellowship to provide recognition for those who have made significant contributions to the College or the region, Board Members were invited to nominate any individuals who they thought would be appropriate recipients. No nominations were received and as such there will be no Fellowship awarded in 2016. Nominations will be sought again in 2017.

   7.1 Governing Bodies, Equality and Diversity
   A proposed role description for the Board’s new Equality and Diversity Champion has been included for consideration under Agenda Item 7.3.

3 Recommendation
   3.1 It is recommended that the Board note the contents of this paper.

Rob Wallen    Pauline May
Principal     Secretary to the Board of Management
Report to the Board by the Regional Chair

1. **Introduction**
   1.1 The purpose of this paper is to update the Board of Management on recent developments in the FE sector and at the College.

2. **New Principal – Induction Process**
   2.1 Liz McIntyre visited the College on 23 September 2016 and attended several meetings as part of the induction process for the post of Principal and Chief Executive. Ms McIntyre met with the Chair and Vice Chair of the Board of Management, the current Principal and the Senior Management Team.

3. **National College Board Induction Workshops 2016-17**
   3.1 CDN are currently in the process of planning the new programme. They have taken on board feedback from participants to date, and in response have made some changes to the programme:

   - The Induction will now be delivered as a 1 day workshop (previous a 1 day workshop and a ½ day workshop), with a range of key speakers and networking opportunities as before
   - The workshops will be delivered four times over the year, using a ‘Roadshow’ approach with delivery in the following regional ‘clusters’:
     - UHI / North Regions
     - West / South West Regions
     - East / South East Regions
     - Central Regions

   Board Members will have the freedom to select which location suits them best. Additional workshops will also be run if there is demand.

4. **Scotland’s Colleges 2016**
   4.1 The annual report prepared by Audit Scotland provides an update on the various changes taking place in the college sector and, where possible, assesses their impact. It also comments on the financial standing of the sector and looks at student participation and outcomes.

   4.2 A copy of the Report can be accessed at:


5. **Impact and Success of the Programme of College Mergers in Scotland**
   5.1 This SFC report provides an overarching view of the impact of the college merger programme which was implemented between 2012 and 2013 and evaluates the success in delivering the intended benefits and outcomes for students and other key stakeholders.

   5.2 A copy of the Report can be accessed at:

6 Gender Action Plan

6.1 In December 2014, the Scottish Government published Developing the Young Workforce - Scotland’s Youth Employment Strategy, a seven-year programme that aims to better prepare children and young people from the ages of 3–18 for the world of work. Within the Strategy the Scottish Government committed SFC to develop a Gender Action Plan to address gender imbalances at a subject level within colleges, in partnership with Skills Development Scotland and other partners. This Plan builds on these expectations and brings together our ambitions for both colleges and universities.

6.2 A copy of the Plan can be accessed at:


7 Learning for All: Measures of Success

7.1 The Report published in August 2016 is the 10th annual publication of Learning for All, the SFC’s strategy for widening access. The Report presents statistics looking at the full student cycle, from school leavers on to college and university students, and contains data and information on a variety of areas that have a link to widening access and participation.

7.2 A copy of the Report can be accessed at:

http://www.sfc.ac.uk/communications/Statisticalpublications/2016/SFCST062016.aspx

8 Recommendation

8.1 It is recommended that the Board note the contents of this report.

Ken Milroy
Regional Chair
Report to the Board by the Principal

1 Introduction
1.1 The purpose of this report is to provide the Board of Management with information about relevant recent developments.

2 Audit
2.1 Audit Scotland is scheduled to undertake external audit fieldwork in the three weeks beginning 03 October 2016. The draft annual financial statements and external auditor’s report for the year to 31 July 2016 will be presented to the Audit and Risk Committee at its meeting on 15 November 2016 and then to the Board of Management at its meeting on 05 December 2016, together with the Audit and Risk Committee’s annual report.

2.2 The external audit of Aberdeen Skills and Enterprise Training Limited will be completed in October 2016 and the auditor’s report presented to the Board of Directors at its meeting on 27 October 2016.

3 Site of the Former Balgownie Centre
3.1 The bargain for the sale of the site fell earlier this year when the prospective purchaser withdrew from negotiations. The site has reverted to its previous status of being ‘held for sale’.

3.2 Advice has been received from Burness Paull and J&E Shepherd, chartered surveyors, that the market for housing development sites remains at a low point and that the Balgownie site should be held for the present. Advisors suggest that the position is next reviewed in December 2016.

4 Estates Development Strategy – Outline Business Case
4.1 The outline business case for the Board’s strategy is being prepared in accordance with the requirements of the Scottish Funding Council (SFC). It is intended to submit the completed Case to the SFC by the end of October 2016.

5 Engineering Technologies, Fraserburgh Campus
5.1 The project to refurbish and extend facilities at the Fraserburgh Campus is progressing on schedule and within budget. Phases 1 and 2 are complete and phase 3 of the programme of works will be completed this month.

6 Beacon Award Assessment Visit
6.1 On 20 September 2016 three assessors from the Beacon Award programme attended the Aberdeen City Campus following the College being shortlisted for the IT Innovation Award. The focus for the College’s submission was the Bring Your Own Device arrangements established over the past few years. The College’s Head of Learning Resources organised a highly successful event for the visitors that combined presentations, meetings with staff, meetings with students and visits to facilities. The assessors provided very positive feedback at the end of their visit. The winner of the award will be announced in November 2016.

7 RGU Strategic Planning Group
7.1 The Principal has been invited to join the RGU Strategic Planning Group, which will develop a draft strategy for RGU. This will be of great assistance in helping to ensure that the strategies of the College and RGU are complementary, given the very close working between the two organisations.
8 SQA Qualifications Committee

8.1 The Principal had been due to step down from the SQA Qualifications Committee. However, because of the significant amount of recent change in the Committee’s composition, and because of the significant change that Mr Swinney has recently announced to the school qualifications arrangements, he has been asked to continue for a further year to provide continuity.

9 Recommendation

9.1 It is recommended that the Board note the contents of this report.

Rob Wallen
Principal
Meetings of Standing and Ad Hoc Committees

1. Introduction
   1.1. The purpose of this paper is to assist the Board of Management to consider the business conducted at meetings of the Board’s Committees.

2. Background
   2.1. The Board’s Governance Manual states that “Minutes of meetings of Committees of the Board shall be presented to the next available meeting of the Board”.
   
   2.2. The inclusion of this item of business as part of the agenda of meetings of the Board of Management provides the Chair and Committee Chairs the opportunity to bring matters considered at meetings of standing and ad hoc committees to the attention of Members and to afford Members the opportunity of asking the Chair and Committee Chairs for further information on business that has been transacted.
   
   2.3. The approved minutes of meetings held since the last meeting of the Board of Management have been circulated in hard copy to Members as appropriate.
   
   2.4. Members have the opportunity to discuss matters designated as ‘reserved items of business’ as a separate item in this agenda.

3. Recommendation
   3.1. It is recommended that the Board consider business conducted at meetings of the Board’s Committees.

Rob Wallen
Principal
North East Scotland College Position relating to National Collective Bargaining

1. Introduction
   1.1 The purpose of this paper is to provide the Board with an opportunity to consider what the College should be seeking to achieve through the process of national collective bargaining and the related work on the “workforce for the future” for the College sector.

2. Background
   2.1 For approximately 20 years each college in Scotland conducted its own separate negotiations with the representatives of its employees in relation to salaries and other terms and conditions of service.

   2.2 The decision by the Scottish Government to reintroduce national bargaining for the college sector in Scotland means that for those colleges that have signed the National Recognition and Procedures Agreement, many matters that have been negotiated locally will now be determined nationally.

   2.3 Over the 20 years or so of local bargaining, the working arrangements in different colleges have developed in different ways. In particular, the former Aberdeen College, and the current North East Scotland College, adopted approaches that were not typical of other colleges.

   2.4 The approaches adopted in this region were driven in part by the need to reflect the higher salary levels in Aberdeen than in other parts of Scotland and the resultant need to ensure efficient working practices that made the higher salary levels affordable. However, the approaches adopted were also intended to ensure that the College had a business-like approach to its work and that the focus was on its core purposes of delivering courses and supporting students; as a result, the College has a greater amount of contracted-out ancillary services (such as for cleaning, catering, janitorial and security work, estates management, occupational health and temporary lecturing).

   2.5 These approaches, taken together, enabled the College to provide its staff with higher salaries than any other college and to provide a range of benefits and facilities for staff.

   2.6 If the College is to be able to ensure that its staff are not disadvantaged by the imposition of working practices that would restrict the ability to pay high salaries, it will be important that the college can work to ensure that a positive framework is developed for the future that provides excellent terms and conditions for the College’s staff and maximum productivity and student success and satisfaction.

3. The Current Position
   3.1 The College is represented both on the Employers’ Association (which will be responsible for determining the parameters for national negotiations) and on the management negotiating team. However, the decisions of the Employers’ Association will be taken by majority vote and are binding on all of the members. In addition the Vice Principal – Human Resources is a member of the Workforce for the Future Working Group which is developing proposals which will be taken to the National Joint Negotiating Committee for discussion.

   3.2 As such, if decisions are taken that the College finds unacceptable the only choices are nevertheless to accept them or to give notice of resigning from the national arrangements – with the prospect of possible political and or industrial relations consequences.
3.3 In order to help ensure that the College does not see decisions being taken that are against its interests and that of its staff, it is important for the College to identify what aspects of its current arrangements are, from its point of view not to be lost as the new arrangements are developed.

4. Issues relating to National Collective Bargaining

4.1 The following are proposed as a starting set of issues which the College would wish to see observed in the course of national negotiations:

- Existing arrangements for the use of agency or other contracted-out services should continue where they can be demonstrated to be efficient and cost effective

- A modernised workforce will include different grades of teaching staff (e.g. Lecturer, Instructor) and a range of support posts (e.g. Guidance Tutor) — with different rates of pay and working arrangements for the different types of post

- Pay levels established must be affordable within the available resources

- Careful thought must be given to the way that teaching workloads are quantified and implemented to ensure that the needs of students and employers are met within the available funding

- National Collective Bargaining can only cover those issues stated in the NRPA; issues such as class size and taught hours per credit are outwith the scope of the negotiations

- Holiday entitlements for all staff must be commensurate with the needs of delivering an effective service for students within available resources, while ensuring that staff have adequate opportunities for a break from work.

5. Recommendation

5.1 It is recommended that the Board agree the issues that the College would wish to present at the Employers’ Association in order to inform developments in relation to the “workforce for the future”.

Rob Wallen
Principal
Review of Governance Manual

1. **Introduction**
   1.1 The purpose of this paper is to allow the Board of Management to consider proposed amendments to its Governance Manual.

2. **Background**
   2.1 At its first meeting in November 2013, the Board adopted a Governance Manual. The Manual includes the statutory and regulatory responsibilities underpinning the operation of the College’s Board of Management; the Constitution and Standing Orders of the Board and its Committees; the Scheme of Delegation; the Board’s Code of Conduct, and Terms of Reference of the Board and its Committees.

   2.2 Since adoption, the Manual has been reviewed and amended as required to reflect changes to legislation, sector guidance and good practice, and changes in NESCol Board and Committee practice.

3. **Review of Governance Manual**
   3.1 The Governance Manual is regularly referred to and discussed at meetings of the Board’s Governance Steering Group.

   3.2 A copy of the Governance Manual, annotated with proposed amendments has been issued to Members under separate cover.

   3.3 The proposed amendments are to reflect the requirements of the revised Code of Good Governance for Scotland’s Colleges, published in September 2016.

   3.4 The Terms of Reference for each of the Standing Committees have also each been reviewed and updated by their respective Committee at meetings held on 13 September 2016.

4. **Recommendation**
   4.1 It is recommended that the Board consider, and if so minded, adopt the amended Governance Manual.

Ken Milroy
Regional Chair

Pauline May
Head of Planning & Corporate Governance
Equality and Diversity Champion

1. Introduction
   1.1 The purpose of this paper is to allow the Board of Management to consider a proposed role description for the Board’s new Equality and Diversity Champion.

2. Background
   2.1 At its meeting on 19 July 2016, the Board considering a paper ‘Governing Bodies, Equality and Diversity’. The paper detailed a number of actions for consideration aimed at strengthening the Board’s approach to equality and diversity.

   2.2 Members agreed that the proposed actions should be taken forward, one of which was the appointment of a Member as the Board’s Equality and Diversity Champion.

   2.3 To help with the appointment of a Champion, the Board requested that a proposed role description be prepared for consideration.

3. Equality and Diversity Champion
   3.1 The proposed role description for the Champion is as follows:

   **Key Objectives**
   - To help ensure that the Board observes good practice in regard to equality and diversity
   - To further embed equality and diversity in the Board’s strategic and decision-making processes
   - To help ensure that the Board complies with its legal obligations in regard to equality and diversity and meets the requirements of the Equality Act 2010 and the Public Sector Equality Duty.

   **Main Tasks**
   - Attend meetings of the College’s Equality and Diversity Strategy Group, as appropriate, to ensure that there is effective communication between the Group and the Board of Management
   - Attend meetings of the Board’s Governance Steering Group, as appropriate when equality and diversity matters are being considered
   - Participate in reviews of key College documentation relating to equality and diversity, such as the Equality Outcomes and the Equality and Diversity Strategy
   - Attend equality and diversity training and briefings, in addition to those provided to the Board as a whole, to disseminate knowledge gained to other Board Members and to advise if changes to Board practices should be considered.

   **Desired Attributes**
   The Champion should have an interest and enthusiasm for improving their knowledge and understanding of equality and diversity and in advancing equality and diversity issues.

4. Recommendation
   4.1 It is recommended that the Board consider the above role description.

Ken Milroy    Pauline May
Regional Chair    Head of Planning & Corporate Governance
Updated Code of Good Governance for Scotland’s Colleges

1. Introduction
   1.1 The purpose of this paper is to allow the Board of Management to consider the updated Code of Good Governance for Scotland’s College, published in September 2016.

2. Background
   2.1 In December 2014 the Code of Good Governance for Scotland’s Colleges was published to establish standards of good governance practice for all college boards and to provide the essential foundations for compliance within the legislative framework set out by the further and higher education acts.

   2.2 The Code is based on the following five key principles:

   - Leadership and Strategy
   - Quality of the Student Experience
   - Accountability
   - Effectiveness
   - Relationships and Collaboration.

   2.3 Compliance with the Code is a condition of SFC grant.

3 Updated Code of Governance
   3.1 The Good Governance Steering Group recently undertook a review of the Code of Good Governance for Scotland’s Colleges. The review involved a stakeholder consultation, to which the Governance Steering Group submitted a response on behalf of the Board.

   3.2 Attached as Appendix 1 is a copy of the updated Code of Good Governance for Scotland’s Colleges. The copy has been annotated to highlight changes in comparison to the original Code and to provide some supporting comments.

   3.3 The changes to the Code are relatively few and are generally about recognising and codifying best practice, as well as providing additional information that is designed to support colleges in delivering the highest standards of governance.

   3.4 The Code has also been updated to reflect the findings of the Cabinet Secretary’s Governance Task Group that reported in March 2016.

4 Recommendation
   4.1 It is recommended that the Board note the updated Code of Good Governance for Scotland’s Colleges.

Ken Milroy
Regional Chair

Pauline May
Secretary to the Board of Management
Code of Good Governance for Scotland’s Colleges

1. Background

2. Foreword

3. Code of Good Governance for Scotland’s Colleges
   • Governance and the Code
   • Statement of Compliance with Good Governance

4. Principles
   Section A: Leadership and Strategy
   • Conduct in Public Life
   • Vision and Strategy
   • Corporate Social Responsibility

   Section B: Quality of the Student Experience
   • Student Engagement
   • Relevant and high quality learning
   • Quality Monitoring and Oversight

   Section C: Accountability
   • Accountability and Delegation
   • Risk Management
     • Audit Committee
     • Remuneration Committee
   • Financial and Institutional Sustainability
   • Staff Governance

   Section D: Effectiveness
   • The Board Chair
   • Board Members
   • Principal and Chief Executive
   • Board Secretary
   • Board Member Appointment, Induction and Training
   • Board Evaluation

   Section E: Relationships and Collaboration
   • Partnership working

Annex 1: References and Definitions
1. Background

The original Code of Good Governance for Scotland’s Colleges was published in December 2014. In Summer 2016, the Good Governance Steering Group undertook a review and the Code was updated. The Cabinet Secretary’s Good Governance Task Group recommendations were also taken into account during the review of the Code.

Colleges Scotland will act as custodian for any future reviews and in keeping with the way that the Code was created, the broad range of stakeholders who developed the Code will be engaged fully with any revisions.

2. Foreword

Colleges in Scotland thrive in the heart of their communities, serving the interests of those communities, students, employers, governments and their agencies and other stakeholders. They have an essential and valuable role in Scottish society. In 2014/15, they enrolled almost 300,000 students and a study by EMSI (Economic Modelling Specialists International) showed that the economic impact of Scotland’s colleges to the business community in Scotland is almost £15 billion each year.

Colleges and regional strategic bodies receive substantial public funding and also operate in an increasingly commercial and enterprising way. We value the significant contribution college board members make to governing our colleges and regional strategic bodies, and to their stewardship of taxpayer’s money, ensuring its efficient and effective use.

Boards are expected to innovate, pursue new opportunities and take measured risks in delivering what is best for their stakeholders. In recent times, they have gone through major transformational change, embracing regionalisation and post-16 education reforms.

Against this background, it is right and proper that the highest standards of governance and propriety are expected of our boards and those individuals who serve them. This Code of Good Governance codifies the principles of good governance for learners and learning that already exist in our colleges and promotes accountability and continuous improvement in how colleges and regional strategic bodies are governed.

The Code is based on key principles and has been written in a way that is mandatory and anticipates compliance. All colleges that receive funding from the Scottish Funding Council (SFC) or from a regional strategic body must comply with the Code as a term and condition of grant. Exceptions should be rare and must be explained publicly.

In addition to demonstrating good governance, colleges and regional strategic bodies must also ensure compliance with their statutory and other obligations. The Board Secretary role is vital in providing guidance to the board on its legal and other obligations.

Colleges have an important individual and collective role to play in promoting economic, social and cultural well-being. We expect this Code to provide the essential underpinning to help discharge that role to the highest standards possible.

Hugh Hall, Chair of the Good Governance Steering Group
August 2016
4. Code of Good Governance for Scotland’s Colleges

Governance and the Code

Corporate governance:

- is the way in which organisations are directed and controlled within a legislative framework.
- defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation.
- determines the rules and procedures for making decisions on corporate affairs, including the process through which the organisation’s objectives are set.
- provides the means of achieving those objectives and monitoring performance.

Scotland’s colleges refers to colleges either funded by the SFC or by a regional strategic body for the provision of education. Such colleges can be incorporated or non-incorporated. The overarching purpose of good governance for Scotland’s Colleges is to:

- lead the college, region or regional strategic body and set its strategic direction and values.
- ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency.
- deliver high quality of learning and outcomes.

The Code of Good Governance for Scotland’s Colleges has been developed, and is owned, by the college sector. Colleges are required to comply with it as a condition of grant from either SFC or their regional strategic body. It establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework.

Boards must not only follow the letter but also the spirit of the Code to ensure good governance. Boards must think deeply, thoroughly and on a continuing basis about their overall tasks and the implications of these for the roles of their individual members. Key to this is the leadership of the chair, the support given to and by the principal, and the frankness and openness of mind with which issues are discussed and tackled by all board members.

Statement of Compliance with Good Governance

Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement. The chair, on behalf of the board, is expected to report as to how the principles have been applied by the board. Where, for whatever reason, a board’s practice is not consistent with any particular principle of the Code, it should make this known to the SFC or, if it is an assigned college, the regional strategic body. This should be done immediately they become aware of an inconsistency and, without exception, in advance of publishing the information. An explanation for that inconsistency must be clearly stated in its corporate governance statement. Boards will be expected to offer a clear rationale for exceptions in the context of their college’s operational model and to identify mitigations.

Individual board members have duty to act on serious concerns about the governance of their body. Information on who board members can approach is included in The Guide for Board Members in the College Sector.

May, Pauline 20/9/16 17:26

Comment [2]: Board Members have been provided with a copy of the Guide and a copy is also available in the Board Members' area of AbNet.

[The Guide for Board Members in the College Sector]
5. Principles

Section A: Leadership and Strategy

Conduct in Public Life

A.1 Every college and regional strategic body must be governed by an effective board that is collectively responsible for setting, demonstrating and upholding the values and ethos of the organisation.

A.2 Every board member must ensure that they are familiar with and their actions comply with the provisions of the board’s Code of Conduct.

A.3 The Nine Key Principles of Public Life in Scotland, which incorporate the seven Nolan principles, must be the basis for board decisions and behaviour. These key Principles, which apply individually and collectively, are:

- Duty/Public Service
- Selflessness
- Integrity
- Objectivity
- Accountability and Stewardship
- Openness
- Honesty
- Leadership
- Respect.

Vision and Strategy

A.4 The board is responsible for determining their institution’s vision, strategic direction, educational character, values and ethos. Regional strategic bodies must also determine the regional strategy for colleges assigned to them. The board of an assigned college must have regard to the strategy determined by the regional strategic body. Board members have a collective leadership role in fostering an environment that enables the body to fulfil its mission and meet Scottish Government priorities, for the benefit of students and the community it serves.

A.5 The board must develop and articulate a clear vision for the region or college. This should be a formally agreed statement of its aims and desired outcomes which should be used as the basis for its overall strategy and planning processes.

A.6 The board provides overall strategic leadership of the region or college. The board is responsible for formulating and agreeing strategy by identifying strategic priorities and providing direction within a structured planning framework.

A.7 The board must ensure that a comprehensive performance measurement system is in place which identifies key performance indicators. It must ensure that it scrutinises performance measures and reports these on their website in a manner that is both timely and accessible to stakeholders. This will allow the board to determine whether or not the body’s vision and mission of the region or college are being fulfilled and that the interests of stakeholders are being met.
A.8 The board (except in the case of assigned college boards) is responsible for overseeing the negotiation of its outcome agreement with SFC, to meet the needs of the college or region and make best use of available funding, consistent with national strategy. The board must ensure effective engagement with all relevant stakeholders in the development of its outcome agreement and monitor performance in achieving the agreed outcomes.

A.9 The role and responsibilities of the boards of assigned colleges should be undertaken in the context of the roles and responsibilities of their regional strategic body. Assigned college boards must contribute constructively to the development of the outcome agreement led in its region by the regional strategic body and support the regional strategic body to monitor performance in achieving the agreed outcomes.

Corporate Social Responsibility

A.10 The board must demonstrate high levels of corporate social responsibility by ensuring the body behaves ethically and contributes to economic development while seeking to improve the quality of life of the local community, society at large and its workforce.

A.11 The board must exercise its functions with a view to improving economic, cultural and social wellbeing in the locality of the college or region. It should have regard to social and economic needs and social inclusion.

A.12 The board must provide leadership in equality and diversity.

A.13 The board must seek to reflect in its membership, the make-up of the community through offering maximum opportunity of membership to a range of potential members and removing potential barriers to membership, in partnership with its regional strategic body, as appropriate.

The board must appoint one of the independent non-executive members to be the senior independent member to provide a sounding board for the chair and to serve as an intermediary for the principal, other board members and the board secretary when necessary (see Annex 1 for the definition of non-executive). The senior independent member should also be available where contact through the normal channels of chair, principal, or secretary has failed to resolve an issue or for which such contact is inappropriate. Further information on the role of the senior independent member can be found in The Guide for Board Members in the College Sector.
Section B: Quality of the Student Experience

Student Engagement

B.1 The board must have close regard to the voice of its students and the quality of the student experience should be central to all board decisions.

B.2 The board must lead by example in relation to openness, by ensuring that there is meaningful on-going engagement and dialogue with students, the students’ association and as appropriate staff and trades unions in relation to the quality of the student experience. Consultation is essential where significant changes are being proposed.

B.3 The board must consider the outcome of student surveys and other student engagements, and monitor action plans that could impact on the quality of the student experience.

B.4 The college board must have regard to the Framework for the Development of Strong and Effective Students Associations in Scotland. It must put in place robust partnership procedures (e.g. partnership agreement) to work together to achieve change and which are supported by regular and open communications.

B.5 The college board must encourage a strong and autonomous students’ association and ensure that the students’ association is adequately resourced.

B.6 The college board must ensure that the students’ association operates in a fair and democratic manner and fulfils its responsibilities.

B.7 The college board must review the written constitution of its students’ association at least every five years.

Relevant and High Quality Learning

B.8 The board must seek to secure coherent provision for students, having regard to other provision in the region or college’s locality. The board must be aware of external local, national and international bodies and their impact on the quality of the student experience, including community planning partners, employers, skills development and enterprise agencies and employer bodies. The board must seek to foster good relationships and ensure that the body works in partnership with external bodies to enhance the student experience, including employability and the relevance of learning to industry needs.

Quality Monitoring and Oversight

B.9 The board must ensure appropriate mechanisms are in place for the effective oversight of the quality and inclusivity of the learning experience in the college or region. The board must ensure that the college works in partnership with sector quality agencies and other appropriate bodies to support and promote quality enhancement and high quality services for students.
Section C: Accountability

Accountability and Delegation

C.1 The board is primarily accountable to its main funder, either SFC or its regional strategic body. Through the chain of funding, the body is ultimately responsible to the Scottish Ministers who are accountable to the Scottish Parliament.

C.2 The board must ensure delivery of its outcome agreement or in the case of an assigned college, its agreed contribution to the region’s outcome agreement.

C.3 The board must ensure it fulfils its statutory duties and other obligations on it, and that the terms and conditions of its grant are being met.

C.4 Scottish Ministers have powers to remove by order any or all board members of an incorporated college (except the principal) or a regional board for serious or repeated breaches of a term and condition of grant.

C.5 The board also has a wider accountability to a range of stakeholders including students (both current and prospective), its staff, the wider public, employers and the community it serves, for the provision high quality education that improves people’s life chances and social and economic well-being.

C.6 Incorporated colleges and regional boards must maintain and publicly disclose a current register of interests for all board members. Board members should declare any conflicts of interest in the business of the meeting prior to the commencement of each meeting of the board and its committees and withdraw from meetings as appropriate.

C.7 The board must ensure that its decision-making processes are transparent, properly informed, rigorous and timely, and that appropriate and effective systems of financial and operational control, quality, management of staff, risk assessment and management, are established, monitored, continuously improved and appropriately impact assessed. This includes:

   a) the prompt production, dissemination and online publication of board/committee agendas, minutes and papers to the public
   b) every board meeting and every committee meeting having a well-structured agenda circulated timeously in advance
   c) the retention of all key documentation which help justify the decisions made by the board and its committees.

C.8 The board may delegate responsibilities to committees for the effective conduct of board business. The minimum committees required are Audit, Remuneration, Finance and Nominations/Appointments. Delegation of responsibilities from and matters reserved to the board and its committees must be set out in a scheme of delegation including the functions delegated by the board to the chair, committees, the principal and the board secretary (and any other members of staff). Incorporated college boards and regional boards have no powers to delegate functions to an individual board member (except the chair who has no authority to act out with their delegated powers).

C.9 The board must ensure every board committee has a specific manager to provide objective, specialist advice to support it to discharge its remit, including by explaining in an accessible way the matters under discussion and the possible implications of different options.
C.10 The board must consider and have in place procedures to ensure effective working relationships and constructive dialogue amongst the board as a whole and ensure there are effective reporting and two way communications between committees and the board. The board must ensure that discussions and decisions of every committee are accurately recorded and reported to the board, no later than the next meeting of the board.

Risk Management

C.11 The board of a college is responsible for the overall management of risk and opportunity. It must set the risk appetite of the body and ensure there is an appropriate balance between risk and opportunity and that this is communicated via the principal to the body’s management team.

C.12 The board must ensure that sound risk management and internal control systems are in place and maintained. It must ensure there is a formal on-going process for identifying, reporting, evaluating and managing the body’s significant risks and review the effectiveness of risk management, business continuity planning and internal control systems.

Audit Committee

C.13 The Audit Committee must support the board and the principal by reviewing the comprehensiveness, reliability and integrity of assurances including the body’s governance, risk management and internal control framework.

C.14 The scope of the Audit Committee’s work must be defined in its terms of reference and encompass all of the assurance needs of the board and the principal. The Audit Committee must have particular engagement with internal and external audit, and must work with management and auditors to resolve any issues in relation to financial reporting.

C.15 The Audit Committee must promptly pursue recommendations arising from external audit reports and must monitor their implementation.

C.16 The membership of the Audit Committee cannot include the board chair or the principal. The role of the college executive is to attend meetings at the invitation of the committee chair and to provide information for particular agenda items.

C.17 The Audit Committee terms of reference must provide for the committee to sit privately without any non-members present for all or part of a meeting if they so decide. The Audit Committee members should meet with the internal and external auditors without the executive team present at least annually.

C.18 At least one member of the Audit Committee should have recent relevant financial or audit experience.

Remuneration Committee

C.19 It essential that members of Remuneration understand their role and responsibilities. Members must undertake the online training module for Remuneration Committees provided by College Development Network within one month of appointment.

C.20 The board must have a formal procedure in place for setting the remuneration of the principal by a designated committee of non-executive members. The board may wish
to supplement this by taking evidence from a range of sources. In particular, staff and students should have a role in gathering and submitting evidence in relation to the college principal to the relevant committee.

C.21 The board cannot be the chair of the Remuneration Committee (but they can be a member of it).

Financial and Institutional Sustainability

C.22 The board is responsible for ensuring the financial and institutional sustainability of the body. The board must ensure compliance with its Financial Memorandum (either with SFC or the regional strategic body, depending on which is funding it), including in relation to incorporated colleges and regional boards, relevant aspects of the Scottish Public Finance Manual.

C.23 The board must ensure that:

- funds are used as economically, efficiently and effectively as possible
- effective monitoring arrangements are in place
- college staff report relevant financial matters to it.

C.24 For colleges that are charitable organisations, board members are also charity trustees. A college board that is a charity must ensure its members are aware of their responsibilities under charity legislation and for complying with relevant provisions as set out by the Scottish Charity Regulator. See OSCR Guidance and Good Practice for Charity Trustees.

Staff Governance

C.25 The board, as the employer, is responsible for promoting positive employee relations and for ensuring effective partnership between recognised trades unions and management.

C.26 The board must have a system of corporate accountability in place for the fair and effective management of all staff, to ensure all legal obligations are met and all policies and agreements are implemented and identify areas that require improvement and to develop action plans to address them.

C.27 The board must comply with the nationally agreed college sector Staff Governance Standard.

C.28 The college board must comply with collective agreements placed on it through national collective bargaining for colleges.
Section D: Effectiveness

The Board Chair

D.1 The chair is responsible for leadership of the board and ensuring its effectiveness in all aspects of its role. The chair is responsible for setting the board’s agenda and ensuring that adequate time is available for discussion of all agenda items, particularly strategic issues. The chair must promote a culture of openness and debate by:

- encouraging the effective contribution of all board members
- fostering constructive challenge and support to the principal, executive team and fellow board members
- effective team-working
- positive relations between board members.

The chair must engage with the principal and the board secretary in a manner which is both constructive and effective.

D.2 The board and its committees must have the appropriate balance of skills, experience, independence and knowledge of the body to enable them to discharge their respective duties and responsibilities effectively.

Board Members

D.3 Each board member is collectively responsible and accountable for all board decisions. Board members must make decisions in the best interests of the body as a whole rather than selectively or in the interests of a particular group.

D.4 Staff and student board members are full board members and bring essential and unique, skills, knowledge and experience to the board. Staff and student board members must not be excluded from board business unless there is a clear conflict of interest, in common with all board members.

D.5 Where the college is a charity, all board members, as charity trustees, including staff and student board members, have legal duties and responsibilities under the Charities Act 2005. This includes registering any personal interests that could be seen as conflicting with the interests of the body. The ‘objective test’ for judging if there is a conflict of interest is:

‘... whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your decision making in your role as a member of a public body’.

Principal and Chief Executive

D.6 The college board must appoint the principal as chief executive of the college, securing approval for the appointment and terms and conditions of the appointment from the regional strategic body if necessary.

D.7 The college board must ensure there is an open and transparent recruitment process for the appointment. Students and staff must have an opportunity to contribute to the recruitment process.

D.8 The college board must delegate to the principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the
The college board must ensure the establishment of such management functions as should be undertaken by and under the authority of the principal.

D.9 The college board must ensure a clear process is in place to set and agree personal performance measures for the principal. This process should seek the views of students and staff. The chair, on behalf of the board, should monitor, review and record the principal’s performance, at least annually, against the agreed performance measures.

D.10 The principal, as a board member, shares responsibility for good governance with the chair and all other members of board, supported by the board secretary. The principal also enables good governance through supporting effective communication and interaction between the board and the rest of the college including staff and students.

D.11 The board provides strategic direction for the region and/or college, and the chair provides leadership to the board. The principal provides leadership to the staff of the body.

D.12 The board must provide a constructive challenge to the principal and executive team and hold them to account.

**Board Secretary**

D.13 The board as a whole must appoint a board secretary who is responsible to it and reports directly to the chair in their board secretary capacity. The board secretary may be a member of the senior management team in their board secretary capacity, but they cannot hold any other senior management team position at the same time. The appointment and removal of the board secretary is a decision of the board as a whole.

D.14 All board members must have access to the board secretary who has an important governance role in advising the board, the committees and individual board members and supporting good governance. The distinctive board secretary role includes:

- facilitating good governance and advising board members on:
  - the proper exercise of their powers, including in relation to relevant legislation
  - the board’s compliance with its Financial Memorandum, the Good Governance Code, its Standing Orders and Scheme of Delegation
  - their behaviour and conduct in relation to the board’s Code of Conduct.

- providing clear advice to the chair and the board/committee on any concerns the board secretary may have that board members have not been given:
  - sufficient information
  - information in an appropriate form
  - sufficient time to monitor, scrutinise or make informed and rigorous decisions in an open and transparent way.

- attending and providing support to every board meeting and every meeting of every board committee. Where the board secretary is unable to attend, while the board secretary retains overall responsibility, proper arrangements must be made to cover the role with a person who is fully able to discharge the role effectively.
• having an unambiguous right to speak at board and committee meetings to convey any concerns they may have about governance. This extends to someone substituting for the board secretary.

• reporting any unresolved concerns about the governance of the body to the relevant funding body (ie. SFC or the regional strategic body).

D.15 The board must ensure the board secretary:

• has suitable skills, knowledge and behaviours to carry out their role effectively

• receives appropriate induction, and if new to the role, is mentored by a more experienced board secretary for at least their first year

• has adequate time and resources available to undertake their role effectively.

D.16 The board must ensure arrangements are in place to deal with a board secretary’s potential or real conflicts of interest.

Board Member Appointment, Induction and Training

D.17 For boards with responsibility for board appointments, the board must ensure a formal and open procedure in place for recruiting and selecting new non-executive board members. Boards must have regard to all relevant Ministerial Guidance on board appointments.

D.18 The board is responsible for ensuring appropriate arrangements are in place for the conduct of student elections and nominations and elections of staff members to the board.

D.19 The chair must ensure that new board members receive a formal induction on joining the board, tailored in accordance with their individual and collective needs. The board secretary should support the chair in the provision of relevant induction for new board members.

D.20 The board must ensure all board members undertake appropriate training and development in respect of their governance role. The board secretary should support the chair in the provision of relevant training and development opportunities for board members, which should be tailored to meet board members skills and needs. The board secretary must keep records of the development activity of board members, including the chair.

D.21 The board must ensure that new college committee members receive a committee induction and have their specific training needs assessed and met.

Board Evaluation

D.22 Extension of the term of office of board appointments requires evidence and the board must ensure appropriate mechanisms are in place to support this.

D.23 The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year’s plan) to its funding body and publish them online.
D.24 The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs. The evaluation of the board chair should normally be led by the vice-chair/senior independent member.

D.25 The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the chair of the Board.

D.26 The performance of regional college chairs will also be evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.

D.27 The performance of assigned, incorporated college chairs will also be evaluated by the regional strategic body, as they are appointed by the regional strategic body and are personally accountable to them.

Section E: Relationships and Collaboration

Partnership Working

E.1 The board must work in partnership to secure the coherent provision of a high quality of fundable further and higher education in their localities.

E.2 The board must ensure effective consultation, local and regional planning and must follow the principles of effective collaborative working: mutual respect, trust and working towards commonly agreed outcomes.

E.3 The board must ensure effective partnership working with local and national bodies including businesses, public and third sector organisations to develop commonly agreed priorities following the principles of effective collaborative working.

E.4 The board must encourage and support effective partnership working and collaboration within and across regions to address local needs and meet national priorities and specialisms.

Previous staff and students section has been removed and points included in other sections of the Code.
Annex 1

References and Definitions

- “college” means a college funded by either SFC or a regional strategic body.
- “assigned college” means a college assigned to a regional strategic body.
- “regional board” means a regional strategic body that has no other functions. There is one regional board – Glasgow Colleges’ Regional Board.
- “board” means the governing body of the college or to the regional strategic body.
- “body” means the organisation in question, i.e. a college or regional strategic body.
- “principal” include where appropriate in the context, the chief officer or equivalent person of a regional strategic body.
- ‘non-executive’ means a member who is not the chair and who does not otherwise hold a specific position on the board i.e. is not a student or staff member; and in the case of a college board, is not the principal; and in the case of a regional board is not the chair of an assigned college.
- In the context of the regional strategic body in the Highlands and Islands, the board means either the Court of the University of the Highlands and Islands (UHI) or the UHI Further Education Regional Board (FERB):
  - The FERB has fully delegated authority from the UHI Court for FE – objectives, outcome agreement, curriculum and finance.
  - The FERB consists of the college chairs, two independents, plus nominees
  - The college principals meet as a FE Executive Board.
- New College Lanarkshire is the designated regional college and regional strategic body with South Lanarkshire College as an assigned college.
- Glasgow Colleges’ Regional Board; this is the only part of Scotland with a regional strategic body which has been established as an organisation with only this role.
Board Evaluation Processes

1. Introduction
   1.1 The purpose of this paper is to allow the Board of Management to consider the evaluation processes adopted to monitor and strengthen its effectiveness.

2. Background
   2.1 The Code of Good Governance for Scotland’s Colleges states that “The board must keep its effectiveness under annual review and have in place a robust self-evaluation process.”
   2.2 This paper summarises the processes undertaken to evaluate the Board’s performance in AY2015-16, and to provide information on the requirement to undertake an external effectiveness review.
   2.3 The evaluation processes which the Board has adopted reflect sector guidance issued by the College Development Network in November 2015 - Guidance Notes for Boards in the College Sector: A Board Development Framework.

3. Regional Chair’s Annual Appraisal by Vice Chair
   3.1 The Vice Chair undertook the Regional Chair’s Annual Appraisal on 19 September 2016. Members contributed to this process through the completion of an anonymous evaluative questionnaire. A copy of the collated questionnaire responses is available on request from the Secretary to the Board. Further information on this will be provided at the meeting under Agenda Item 11.3.

4. Annual Committee Chair Development Meetings
   4.1 The Regional Chair has held an Annual Development Meeting with each Committee Chair. Members of the relevant Committees contributed to this process through the completion of an anonymous evaluative questionnaire. A copy of the collated questionnaire responses is available on request from the Secretary to the Board.

5. Annual Board Member Development Meetings
   5.1 At the time of writing, the Regional Chair had held Annual Development Meetings with all but three Board Members. The outstanding meetings will be held as soon as is practically possible.

6. Training Plans
   6.1 Following the sign off of all Annual Committee Chair/Board Member Development Meeting records, the Regional Chair and Secretary to the Board will discuss how the individual training needs of Members can be met. Consideration will also be given to any training or development needs for the Board as a whole.

7. External Effectiveness Review
   7.1 The undertaking of an external effectiveness review is a requirement of the Code of Good Governance of Scotland’s Colleges. The updated Code stipulates that:

   “The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness at least every three years. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year’s plan) to its funding body and publish them online”.

   7.2 In response to recent public and political concerns about the standards of governance in the Scottish FE sector, all college Boards of Management have been instructed to ensure that an externally facilitated evaluation of effectiveness is undertaken by the end of March 2017.
7.3 The Board’s Governance Steering Group has been discussing how to approach the review. It has been suggested that a panel is appointed to carry out the review, ensuring that the process takes account of an increased regional perspective in comparison to the review being carried out by one individual. It is also thought that the panel approach will add value to the exercise. The Steering Group is currently ascertaining the availability of a number of individuals to participate in the review. The Board will be updated in due course.

7.4 Guidance circulated by Colleges Scotland in September 2016 proposes that the Review covers the five key areas of the Code of Good Governance for Scotland’s Colleges:

- Leadership and Strategy
- Student Experience
- Accountability
- Board Effectiveness
- Individual Effectiveness
- Relationships and Collaboration.

A board may also choose to add to these topics if it so wishes.

7.5 The views of Board Members and senior staff who work closely with the Board on Board performance to date and areas for future development will be sought. The review is expected to involve a combination of:

- questionnaires/interviews/workshops
- observations of Board/Committee Meetings
- desktop review of key documentation.

7.6 Following the review, a report will be prepared by the panel for discussion with the Board and an action plan for areas of development over the next 12 months will also be agreed. Key information from the review will then be submitted to the Scottish Funding Council (SFC).

7.7 It is thought that key evidence for this Review will be the internal audit of Corporate Governance which has been scheduled for end of January/beginning of February 2017.

7.8 The Governance Steering Group will meet by the end of October to agree the proposed process and timeline for the review. The proposal will then be submitted for consideration at the December Board Meeting.

8 Secretary to the Board’s Annual Appraisal

8.1 The effectiveness of the Secretary to the Board has been reviewed through a number of mechanisms. Specific performance management objectives were set and reviewed in relation to the role as part of the College’s annual performance review process. In addition, a meeting to discuss performance to date and the creation of a development plan was held with the Regional Chair, Principal and Secretary to the Board. It has also been agreed that the Governance Steering Group is well placed to have oversight of the Secretary’s role and performance.

9 Recommendation

9.1 It is recommended that the Board consider the evaluation processes adopted to monitor and strengthen its effectiveness.

Ken Milroy    Pauline May
Regional Chair    Head of Planning & Corporate Governance
Board Planning Event

1 Introduction
1.1 The purpose of this paper is to allow the Board of Management to consider arrangements for the Board’s next Planning Event.

2 Background
2.1 Each year the Board of North East Scotland College has held one or more event to focus specifically on strategic planning. A date of 18 and 19 November 2016 has already been agreed by the Board for the next such event.

3 Arrangements for the Board Planning Event
3.1 Once again Robert Gordon University has offered the College the use of rooms on its Garthdee Campus for the formal session of the event.

3.2 Also once again, a dinner on the evening of the first day of the event will be held in the Norwood Hall Hotel, close to the Garthdee Campus.

3.3 Following discussion with the Chair, as well as Members of the College’s Board of Management and the Head of Planning and Corporate Governance (in her role as Board Secretary), the following have been invited to attend and have indicated their availability:

- The incoming Principal
- The four Vice Principals
- Two of the three Directors of Curriculum
- The Head of Business and Community Development.

They will contribute information to sessions as relevant.

The Planning & Marketing Officer, who works with the Head of Planning and Corporate Governance on planning matters, will also attend as an observer.

3.4 A provisional programme for the event is attached as Appendix 1 to this paper.

3.5 It will be noted that as well as a number of formal sessions, there will be a pre-dinner briefing by a Scottish Government Official (Mr Joe Griffin) with an opportunity for Board Members to discuss with him aspects of Scottish Government policy and prioritization.

4 Recommendation
4.1 It is recommended that the Board consider and advise on the proposed arrangements.

Rob Wallen
Principal
FRIDAY 18 NOVEMBER 2016

Venue: RGU, Faculty of Health and Social Care, Garthdee

1230hours Lunch
1300hours Event begins
1630hours Close of day 1 business

Venue: Norwood Hall Hotel

1800hours Pre-dinner drinks
1830hours Pre-dinner speaker; Joe Griffin, Deputy Director for Creating Positive Futures, in the Children and Families Directorate, Scottish Government
1930hours Dinner

SATURDAY 19 NOVEMBER 2016

Venue: RGU, Faculty of Health and Social Care, Garthdee

0930hours Event reconvenes
1300hours Event ends

FRIDAY 18 NOVEMBER 2016

Apologies for absence
Chair’s Introduction

Session 1: 1300 – 1330hours
THE CURRENT CONTEXT (Facilitated by Rob Wallen)
Presentation covering – the changing economic environment in NE Scotland; the College’s financial position for 2016-17; estates developments; activity levels; student outcomes; quality indicators – followed by whole group discussion about the key areas of concern.

Session 2: 1330 – 1445hours
THE FUTURE FINANCIAL POSITION (Facilitated by Rob Wallen & Roddy Scott)
Presentation covering -- what we know about likely allocations to colleges; changes to the funding regime; the causes of rising costs in the College; the likely financial outturn position in 2016-17, 2017-18, 2018-19 if we do not act; the options for addressing the gap between income and costs – followed by whole group (or sub-group?) discussions about the actions the College should take to address the growing financial deficit.
**Session 3: 1500 – 1630hours**

THE CHANGES IN DEMAND FOR COLLEGE PROVISION IN NE SCOTLAND AND HOW WE RESPOND (Facilitated by Rob Wallen, Neil Cowie & John Davidson)

Presentation covering -- the areas of growing demand and declining demand by school/faculty/team and by campus, the curriculum viability exercise, the options we have when it comes to non-viable/less viable curriculum areas (subsidise, remove, adjust to a new delivery model, work in partnership ….) – followed by group discussions each focusing on one school or on BCD looking at the specific detail of the curriculum in that area and how it could be re-profiled to operate at a lower cost base.

**SATURDAY 19 NOVEMBER 2016**

Apologies for absence

**Session 6: 0930 – 1030hours**

NATIONAL COLLECTIVE BARGAINING AND THE WORKFORCE OF THE FUTURE (Facilitated by Liz McIntyre & Elaine Hart)

Presentation covering – the current situation, the areas of contention, the direction of travel, the future work plan – followed by whole group discussion on what the College can do to ensure we get the best outcome.

**Session 7: 1030 - 1100hours**

THE FUTURE OF THE STUDENTS’ ASSOCIATION (Facilitated by Ken Milroy)

Update on the work of the SA Joint Review Group from the Group Chair, Anne Simpson. Presentation by Regional SA President and Depute SA President on their view of the world of the College, what they want to achieve, what their priorities are – followed by whole group discussion

**1100 - 1115hours**  
Tea and coffee break

**Session 8: 1115 – 1245hours**

PLANNING 2017-18 (Facilitated by Ken Milroy & Rob Wallen)

Discussion of the College’s key planning documents - Strategic Plan, Outcome Agreement, High Level Strategic Risk Register – to reflect upon the Event’s discussions and identify what needs to change in terms of the strategic context statements, objectives etc

**Session 9: 1245 – 1300hours**

REVIEW OF PLANNING EVENT (Facilitated by Ken Milroy)

Discussion

Closing remarks by the Chair
New College Quality Arrangements 2016-17

1. Introduction
   1.1. The purpose of this report is to provide the Board with information on the new arrangements for improving and assuring the quality of provision and services for the academic year 2016-17.

2. Background
   2.1. North East Scotland College (NESCol) was one of three colleges who were invited to pilot a new approach to the review of college provision.

   2.2. The Scottish Funding Council (SFC) established the three pilots as an “Action Learning Project” with a view to exploring whether such an approach could be rolled out across the college sector in Scotland. SFC and Education Scotland (ES) have both stated that the approach taken by NESCol was the correct approach.

3. New Arrangements
   3.1. The new arrangements being proposed have been developed at the end of a four-year cycle of external arrangements for review of colleges and also as a result of the transformation within the college sector due to the formation of new, very large, multi-campus colleges, and are informed by the findings of the “Action Learning Project”.

   3.2. The purpose of the arrangements is to provide a structure of support and scrutiny which brings about improvements in all colleges and promotes a culture of individual and collective ownership for the quality of provision and services across the college sector.

   3.3. The arrangements will be based on on-going engagement between colleges, ES and SFC to support improvement, enhancement and evaluation of provision and services for learners. The arrangements will cover four key principles:

   • Leadership and Quality Culture
   • Delivery of Learning and Support Services
   • Outcomes and Impact
   • Capacity to Improve

   3.4. In year 1, August 2016 – October 2017, arrangements will focus on ES and SFC supporting colleges to use a revised Quality Framework to produce and submit an Evaluative Report and Enhancement Plan to ES and SFC in October 2017.

   3.5. NESCol will continue to draw upon local stakeholders to provide external scrutiny of our Evaluative Report and the evidence on which it is based.

   3.6. NESCol (like all other colleges) will be required to answer questions relating to the four key principles. The final report will require to be signed off by the College Board of Management.

   3.7. In year 2, January 2018 – the cycle of activity will recommence.

   3.8. Detailed information on the new arrangements has not yet been made publicly available. Once published, the Board will be updated further. Summary information on the new arrangements is however currently available online in the form of a SFC Board paper - http://www.sfc.ac.uk/web/FILES/CNP_Councilmeeting26August2016_26082016/SFC16_56_college_quality_arrangements.pdf

4. Recommendation
   4.1. It is recommended that the Board note the information provided in this paper.

Rob Wallen
Principal
Risk Registers

1 Introduction
1.1 The purpose of this paper is to allow the Board of Management to consider the College’s High Level Strategic Risk Register and the College’s Operational Risk Register.

2 Background
2.1 At its meeting on 13 September 2016, the Board’s Audit and Risk Committee considered the Internal Audit Programme for the 12 months to 31 July 2017. The College’s two Risk Registers were provided as supporting information to the proposed Programme.

2.2 After some discussion Committee Members agreed that it would be beneficial for the Board to consider the High Level Strategic Risk Register at its next meeting.

2.3 It was also agreed with the Internal Auditor at the meeting that, if required, the Internal Audit Programme could be amended to reflect any subsequent significant changes made to the High Level Strategic Risk Register.

3 High Level Strategic Risk Register
3.1 The High Level Strategic Risk Register is owned by the Board of Management and details the actual critical risks that the College is facing, with a high-level indication of the mitigation that will be applied to each.

3.2 Attached as Appendix 1 to this paper is an annotated version of the High Level Strategic Risk Register.

3.3 The SMT have reviewed the Register, which was last updated at the Board’s Planning Event in November 2015, and have proposed some amendments to reflect the College’s current operating environment. The amendments have also been proposed to ensure that the placement on the matrices is congruent with the scoring for the related risks in the Operational Risk Register.

3.4 In addition to the amendments to the matrices, it is proposed that the ‘Demand for College Provision’ risk is subsumed into the ‘Curriculum’ risk.

4 Operational Risk Register
4.1 The Operational Risk Register is owned and reviewed by the Senior Management Team. The document details the number of potential risks that could impact the successful operation of the College and their related potential contributing factors and early warning mechanisms.

4.2 A copy of the Operational Risk Register has been issued under separate cover. The Register has been reviewed and restructured to improve its alignment with the High Level Strategic Risk Register.

5 Board Planning Event
5.1 Members will be provided with another opportunity to review the High Level Strategic Risk Register during the penultimate session of the Board’s upcoming Planning Event, where Members may wish to amend the Risk Register to reflect the Event’s discussions.

6 Recommendation
6.1 It is recommended that the Board consider the High Level Strategic Risk Register and the Operational Risk Register.

Rob Wallen
Principal
### HIGH LEVEL STRATEGIC RISK REGISTER

The following should be seen as the actual critical risks that the College is facing, with a high-level indication of the mitigation that will be applied to each:

<table>
<thead>
<tr>
<th>Governance issues: the risk that the reclassification of colleges and other changes to college governance reduce the flexibility of the Board of Management to manage financial and estates issues and to meet targets set out in the Outcome Agreement.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mitigation:</strong> involvement by the Chair and Principal in national fora (such as the Board of College Scotland, National Bargaining, Strategic Dialogues) to ensure that the College’s interests are recognised and protected, and seeking the support of The North East Scotland Foundation for Further Education to support the College’s continuing development.</td>
</tr>
<tr>
<td><strong>Responsibility:</strong> Chair, Board of Management and Principal</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Corporate issues: the risk that the College fails to maintain service continuity because of unforeseen circumstances, including change of governmental and SFC policy.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mitigation:</strong> sound internal planning and monitoring arrangements, and regular liaison with Scottish Government and SFC officials.</td>
</tr>
<tr>
<td><strong>Responsibility:</strong> Senior Management Team</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commercial issues: the risk that the College becomes reliant on profit from the College company’s training for the oil and gas industry, and that this might be reduced by any downturn in the North Sea oil sector, thereby threatening the College’s financial stability and sustainability.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mitigation:</strong> seek improved funding from SFC; further investment in the College company to ensure it maintains market share of oil and gas training even if there is a downturn and a diversification of commercial work into other areas.</td>
</tr>
<tr>
<td><strong>Responsibility:</strong> Principal and Vice Principal Business Services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Curriculum issues: the risk that in establishing a nationally influenced regional curriculum, the College fails to deliver its current high level of service and as a result its reputation is damaged and recruitment is affected, or that organisational capacity cannot be realigned in line with changing governmental requirement or changing patterns of demand, and the College fails to deliver programmes that are essential for local industry and prosperity.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mitigation:</strong> review of all curriculum delivery and support to identify core aspects of the service in line with government objectives and to concentrate on maintaining the core services while removing those less aligned with governmental prioritisation.</td>
</tr>
</tbody>
</table>
## IT Issues
The risk that in implementing the change necessary for the integration of IT services in the College in a difficult financial environment, the College is not able to maintain the robustness and fitness for purpose of IT infrastructure that is essential for course delivery, student services and business services.

**Mitigation:** establish and monitor the implementation of IT integration project plans, monitor system usage and system disruptions, and review the College’s IT support service.

**Responsibility:** Vice Principal Learning and Quality

## Quality Issues
The risk that in changing to a new SFC-driven, self-evaluation model in a climate of reducing human and financial resource will make it difficult to implement successful and robust quality arrangements for improving student outcomes and meeting stakeholder expectations which, in turn, will lead to diminished stakeholder confidence in, and reputational damage for, the College.

**Mitigation:** implement, embed, resources, monitor and review an effective and robust set of quality and self-evaluation processes that continue to provide improving and sustainable outcomes and experiences for both students and stakeholders.

**Responsibility:** Vice Principal Learning and Quality

## Financial Issues
The risk that changes to Scottish Government policy, funding levels and the funding methodology, combined with the inflexibility of ONS reclassification, make it difficult to maintain a balanced budget.

**Mitigation:** plan programmes to remove relatively high cost areas of activity and reduce level of service provided during the planning period such that there is a smooth reduction of costs over a manageable timescale and a return to a balanced budget by the end of the period; securing access to funding from the NES FE Foundation by maintaining effective relationships with the Trust; acting to mitigate the level of cuts to the College’s income by collaboration between the College and other partners to seek areas for cost reduction and income generation to augment government income.

**Responsibility:** Principal and Vice Principal Finance
**Estates and Facilities Issues:** the risk that much reduced funding and/or the loss of assets, and the implementation of major systemic change may impact on the College’s ability to implement its Estates Development Strategy and/or to maintain the necessary quantity, quality and currency of facilities and other resources.

**Mitigation:** proceed with the Estates Development Strategy based on the agreed timescales while building local support for the plans, and prioritising equipment replacement and renewal based on level of impact on the students’ experience; securing access to funding from the NES FE Foundation by maintaining effective relationships with the Trust.

**Responsibility:** Vice Principal Finance

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**Staffing Issues:** the risk that in a situation of pay constraint and a return to national collective bargaining will prevent the College from maintaining its position of staff being the highest paid in the sector and may impact adversely on other terms and conditions of employment implemented as part of harmonisation causing disruption. In reducing costs in line with much reduced funding and in adjusting to rapid structural and systemic change, the College may be unable to sustain staffing in critical areas and experiences a significant loss of knowledge and skills.

**Mitigation:** seek to implement workforce planning strategies to ensure appropriate resources and structures to minimise impact on student experience, and seek to motivate staff through good communication and clear management support, and to implement an effective organisational and staff development programme.

**Responsibility:** Vice Principal Human Resources

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**Demand for College Provision Issues:** the risk that demand for SFC-funded, SDS-funded and full cost recovery provision diminishes thus reducing available income to the College. Remove risk and combine with Curriculum issues

**Mitigation:** ensure that an informed and targeted marketing strategy, based on robust stakeholder-led intelligence and need, is fully implemented; ensure that full, detailed and routine reporting is enabled for the Senior Management Team to allow close and regular monitoring of stakeholder demand; and ensure that diversification of provision is fully considered and enacted upon using available intelligence as well as innovative, flexible and efficient approaches.

**Responsibility:** Principal, Vice Principal Business Services, Vice Principal Learning and Quality
### Risk Matrix

#### Before Mitigation

<table>
<thead>
<tr>
<th>Likelihood of Occurrence</th>
<th>Severity of Outcome</th>
<th>Minor</th>
<th>Moderate</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Likely</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likely</td>
<td>Estates &amp; Facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Quality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staffing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commercial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unlikely</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corporate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Curriculum</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Governance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Risk Level

- Extremely High
- Very High
- High
- Medium
- Low
- Insignificant

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May, Pauline 23/9/16 12:04
Deleted: Governance

May, Pauline 23/9/16 12:04
Deleted: Finance

May, Pauline 23/9/16 12:07
Deleted: Commercial

May, Pauline 23/9/16 12:03
Deleted: Demand for College Provision

May, Pauline 23/9/16 12:05
Deleted: Quality
## Severity of Outcome

<table>
<thead>
<tr>
<th>AFTER MITIGATION</th>
<th>Minor</th>
<th>Moderate</th>
<th>Major</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Likely</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likely</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unlikely</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highly Unlikely</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Likelihood of Occurrence
- Very Likely
- Likely
- Unlikely
- Highly Unlikely

### Risk Level
- Extremely High
- Very High
- High
- Medium
- Low
- Insignificant

### Deleted
- Demand for College Provision
- Curriculum
Report Title: Internal Audit Programme, 12 months to 31 July 2017

1. Introduction
   1.1. The purpose of this report is to enable the Board to consider the Internal Audit Programme for the financial reporting period of the 12 months to 31 July 2017 (2016-17) that has been adopted by the Audit and Risk Committee.

2. Background
   2.1. The Committee, at its meeting on 13 September 2016, considered the establishment of a programme of internal audit work for the current financial reporting period.

   2.2. Wylie and Bisset, the internal audit service provider, proposed the Programme, which is attached as Appendix 1 to this paper.

   2.3. The Programme adopted by the Committee is now presented to the Board for its consideration.

   2.4. The Programme has been amended in terms of the scheduling of two audits since its adoption by the Committee. The audit of Corporate Governance will now take place earlier as part of Visit 2 and the Departmental Review of Engineering, Science and Technologies will subsequently be delayed until Visit 3.

3. Recommendation
   3.1. It is recommended that the Board note the programme of internal audit work for the financial reporting period 2016-17 that has been adopted by the Audit and Risk Committee.

Rob Wallen   Roddy Scott
Principal     Vice Principal Finance
<table>
<thead>
<tr>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Introduction</td>
<td>3</td>
</tr>
<tr>
<td>2. Operational Plan</td>
<td>4 – 8</td>
</tr>
<tr>
<td>Appendices:</td>
<td></td>
</tr>
<tr>
<td>A. Summary of Internal Audit Input</td>
<td>9 – 10</td>
</tr>
<tr>
<td>B. Grading Structure</td>
<td>11</td>
</tr>
<tr>
<td>C. Key Performance Indicators</td>
<td>12</td>
</tr>
</tbody>
</table>
Background
Wylie & Bisset LLP were re-appointed as Internal Auditors by the Board of Management with effect from 1 April 2014 until 31 July 2017 with an option to extend by a further two years on the agreement of both parties.

Internal Audit
In accordance with North East Scotland College’s ("the College") Financial Memorandum with the Scottish Funding Council("the Council") the Board of Management is required to secure the provision of an effective Internal Audit Service (IAS). The prime responsibility of the IAS is to provide the Board of Management, the Principal and other senior management of the College, with an objective assessment of the adequacy and effectiveness of management’s internal control systems.

The IAS should objectively examine, evaluate and report on the adequacy of internal control thus contributing to the economic, efficient and effective use of resources and to the reduction of the potential risks faced by the College. Also, the operation and conduct of the IAS must comply with the standards and guidelines set down by the Chartered Institute of Internal Auditors.

Terms of Reference – Internal Audit
The provision of the IAS by Wylie & Bisset LLP is covered by the letter of engagement dated 24 October 2014.

Formal Approval
The full Audit Needs Assessment (ANA) was presented to the Audit Committee of the College on 18 November 2014. This document covers the plan for 2016/17.
## 2. Operational Plan

### Operational Plan – 2016/17

<table>
<thead>
<tr>
<th>Audit Area</th>
<th>High level indicative summary scope</th>
<th>Total Number Of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Follow Up Review</strong></td>
<td>The follow up review will be undertaken in 2 stages. The first follow up will follow up on all recommendations from the 2015/16 audit of payroll. The second follow up review will be undertaken to follow up on the remaining prior year audit recommendations to ensure these have been fully implemented by the College. We will follow up on all of the high priority recommendations, 50% of the medium priority recommendations and 10% of the low priority recommendations.</td>
<td>4</td>
</tr>
</tbody>
</table>
| **Value for Money – Library & IT Resource Centre** | The purpose of the review will be to consider whether or not the College is receiving value for money from its library and IT resource centre. We will:  
   - Review the amount and value of textbooks held by the College;  
   - Obtain and evaluate learner feedback on the IT resource centre;  
   - Establish the number of computers in the IT resource centre compared with the number of learners;  
   - Establish the ratio of textbooks to learner numbers and consider whether or not this is reasonable;  
   - Establish how often the IT resource centre is used by learners and what they are using it for.                                                                                                                                 | 5                    |
| **Staff & Room Utilisation**    | The purpose of this review is to evaluate the College’s systems for staff & room utilisation and assess how this is managed within the College. The review will seek to provide assurance to the Board, via the Audit Committee, that the systems in place are efficient and effective. The review will also consider the integrity of the data being used for reporting with sample checks undertaken on the data.                                                                 | 5                    |
| **Corporate Governance**        | The review will focus on the ‘Code of Good Governance’ to provide assurance that the College are fully compliant with this code.                                                                                                                                                          | 3                    |
## Operational Plan – 2016/17

<table>
<thead>
<tr>
<th>Audit Area</th>
<th>High level indicative summary scope</th>
<th>Total Number Of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Management</td>
<td>The purpose of the review is to ensure that the College has appropriate risk management arrangements in place and that these have been embedded throughout the whole College. This will be a high level review to provide assurance to the Board, via the Audit Committee, that the College’s risk management arrangements are adequate.</td>
<td>2</td>
</tr>
<tr>
<td>Purchasing &amp; Procurement</td>
<td>We will conduct a high level review of the procurement arrangements in place, from identifying procurement needs, through to appraising options and contracting with suppliers. Our review will look to provide assurance that the College is complying with legislative requirements.</td>
<td>5</td>
</tr>
<tr>
<td>Review of Fraserburgh Estates Project</td>
<td>Our review will be a ‘post-project’ review of the £8.5m Fraserburgh Campus project to ensure the project has been effectively managed, has been delivered on budget, relevant timescales have been achieved and the specifications as outlined at the planning stage have all been met.</td>
<td>4</td>
</tr>
<tr>
<td>Departmental Review – Engineering, Science &amp; Technologies</td>
<td>The review will focus on the structure and workload within the department, compliance with the College's systems and procedures and the overall systems and controls in place to manage the department. The review will also consider the arrangements for stock control within the area.</td>
<td>5</td>
</tr>
</tbody>
</table>
## 2. Operational Plan (cont’d)

### Operational Plan – 2016/17

<table>
<thead>
<tr>
<th>Audit Area</th>
<th>High level indicative summary scope</th>
<th>Total Number Of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aberdeen Skills &amp; Enterprise Training Ltd</td>
<td>This annual review will look at compliance with the Company’s systems and procedures, the overall controls in place to ensure accurate recording of information within the company.</td>
<td>5</td>
</tr>
<tr>
<td>Fixed Assets Management</td>
<td>The review will focus on the systems and procedures in place for fixed assets, compliance with the systems and procedures in place and the overall controls in relation to the physical safeguarding of assets.</td>
<td>4</td>
</tr>
<tr>
<td>Estates Management</td>
<td>Our audit work will consider the strategic and operational arrangements in place in respect of Estates Management at the College. The review will also look at whether the College are attaining the best value from the systems in place.</td>
<td>4</td>
</tr>
<tr>
<td>Departmental Review – Student Services</td>
<td>The review will focus on the structure and workload within the department, compliance with the College’s systems and procedures and the overall systems and controls in place to manage the department. The review will also review the arrangements in place for providing learning support to students across the College. Our review will consider feedback from staff and students about the quality of service provided and whether there is consistency across the College. We will consider whether the current arrangements provide value for money and a high quality of service.</td>
<td>5</td>
</tr>
</tbody>
</table>
## 2. Operational Plan (cont’d)

### Operational Plan – 2016/17

<table>
<thead>
<tr>
<th>Audit Area</th>
<th>High level indicative summary scope</th>
<th>Total Number Of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll</td>
<td>Our review will look at the new payroll system that the College will be implementing to ensure this is operating as expected and that the appropriate controls exist. We will ensure that the payments being calculated by the system are accurate and are based on bona fide hours worked and will also consider all deductions and additions to salaries to ensure that these are correctly calculated and properly authorised.</td>
<td>4</td>
</tr>
<tr>
<td>IT Systems</td>
<td>A review will be undertaken on the IT Systems of the College to ensure the appropriate controls are in place and working as expected. In particular, the review will focus on the security of the network and the storage of backup information.</td>
<td>5</td>
</tr>
<tr>
<td>Course Viability</td>
<td>The review will consider the internal analysis that the College has undertaken on course viability, particularly focussing on areas where there are small student numbers and high costs. The review will also consider areas where similar courses are being run across multiple campuses.</td>
<td>4</td>
</tr>
</tbody>
</table>
2. **Operational Plan (cont’d)**

**Assignment Plans**

A detailed assignment plan will be prepared for each audit undertaken, setting out the scope and objectives of the work, allocating resources and establishing target dates for the completion of the work. Each assignment plan will be agreed and signed off by an appropriate sponsor from the College.

**Key Dates**

<table>
<thead>
<tr>
<th>Visit</th>
<th>Audit Areas</th>
<th>Key College Personnel</th>
<th>Provisional Date for Visit</th>
<th>Date of Issue of Draft Report</th>
<th>Provisional Date for Reporting to Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visit 1</td>
<td>Follow up Review of Payroll</td>
<td>Roddy Scott</td>
<td>w/c 3 October 2016</td>
<td>18 October 2016</td>
<td>15 November 2016</td>
</tr>
</tbody>
</table>
## Appendix A – Summary of Internal Audit Input

1 April 2014 to 31 July 2017

<table>
<thead>
<tr>
<th>System</th>
<th>Audit Area</th>
<th>Operating Plan (No. Of days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2014/15</td>
</tr>
<tr>
<td>Financial System</td>
<td>Budgetary &amp; Financial Controls</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Income Collection &amp; Credit Control</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Purchasing &amp; Procurement</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Payroll</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Finance System</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Fixed Asset Management</td>
<td>4</td>
</tr>
<tr>
<td>Non Financial Systems</td>
<td>Management of Contract Managed Services</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Work Based Learning inc SDS Funding</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Human Resources</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Estates Management</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Student Records</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Enrolment, Attendance &amp; Applications</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Strategic &amp; Business Planning</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td><strong>Balance C/F</strong></td>
<td><strong>34</strong></td>
</tr>
</tbody>
</table>
# Appendix A – Summary of Internal Audit Input

## 1 April 2014 to 31 July 2017

<table>
<thead>
<tr>
<th>System</th>
<th>Audit Area</th>
<th>Operating Plan (No. Of days)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2014/15</td>
</tr>
<tr>
<td><strong>Balance B/F</strong></td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>IT</td>
<td>IT Systems</td>
<td>5</td>
</tr>
<tr>
<td>Governance</td>
<td>Corporate Governance</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Risk Management</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>Freedom of Information</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aberdeen Skills &amp; Enterprise Training Ltd</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Departmental Reviews</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Data Protection</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marketing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Value for Money – Library &amp; IT Resource Centre</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Review of Fraserburgh Estates Project</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff &amp; Room Utilisation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Course Viability</td>
<td></td>
</tr>
<tr>
<td>Required</td>
<td>Follow Up review</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Audit Management</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total Days</strong></td>
<td></td>
<td><strong>70</strong></td>
</tr>
</tbody>
</table>
## Appendix B – Grading Structure

For each area of review we assign a grading in accordance with the following classification:

<table>
<thead>
<tr>
<th>Assurance</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong</td>
<td>Controls satisfactory, no major weaknesses found, some minor recommendations identified</td>
</tr>
<tr>
<td>Substantial</td>
<td>Controls largely satisfactory although some weaknesses identified, recommendations for improvement made</td>
</tr>
<tr>
<td>Weak</td>
<td>Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately</td>
</tr>
<tr>
<td>No</td>
<td>No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately</td>
</tr>
</tbody>
</table>

For each recommendation we make we assign a grading either as High, Medium or Low priority depending upon the degree of risk assessed as outlined below:

<table>
<thead>
<tr>
<th>Grading</th>
<th>Risk</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>High Risk</td>
<td>Major weakness that we consider needs to be brought to the attention of the Audit Committee and addressed by senior management of the College as a matter of urgency</td>
</tr>
<tr>
<td>Medium</td>
<td>Medium Risk</td>
<td>Significant issue or weakness which should be addressed by the College as soon as possible</td>
</tr>
<tr>
<td>Low</td>
<td>Low Risk</td>
<td>Minor issue or weakness reported where management may wish to consider our recommendation</td>
</tr>
</tbody>
</table>
# Appendix C – Key Performance Indicators

## Analysis of Performance Indicators

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal audit days completed in line with agreed timetable and days allocation</td>
<td>100%</td>
</tr>
<tr>
<td>Draft scopes provided no later than 10 working days before the internal audit start date and final scopes no later than 5 days before each start date</td>
<td>100%</td>
</tr>
<tr>
<td>Draft reports issued within 10 working days of exit meeting</td>
<td>100%</td>
</tr>
<tr>
<td>Management provide responses to draft reports within 15 days of receipt of draft reports</td>
<td>100%</td>
</tr>
<tr>
<td>Final reports issued within 5 days of receipt of management responses</td>
<td>100%</td>
</tr>
<tr>
<td>Recommendations accepted by management</td>
<td>100%</td>
</tr>
<tr>
<td>Quarterly progress reports to be provided for discussion at each audit committee meeting</td>
<td>100%</td>
</tr>
<tr>
<td>Draft annual internal audit report to be provided by 31 August each year</td>
<td>100%</td>
</tr>
<tr>
<td>Attendance at audit committee meetings by a senior member of staff</td>
<td>100%</td>
</tr>
<tr>
<td>Suitably experienced staff used on all assignments</td>
<td>100%</td>
</tr>
</tbody>
</table>
Report by the Investment and Project Committee

1. Introduction
   1.1 The purpose of this paper is to assist the Board of Management to consider the work of the Investment and Project Committee.

2. Background
   2.1 The Investment and Project Committee has been delegated authority and responsibility for the fulfilment of the Board’s Estates Development Strategy.

   2.2 The Committee is required, under its terms of reference, to report to meetings the Board of Management on the business that it conducts.

3. Business Conducted by the Committee
   3.1 Since the last meeting of the Board of Management, the Committee has met on two occasions – on 19 July and 13 September 2016.

   3.2 The business conducted at the meeting of 19 July was concerned with progress with the project to redevelop engineering technologies training facilities at the Fraserburgh Campus and on matters related to the sale of the site of the former Balgownie Centre.

   3.3 The business conducted at the meeting of 13 September was concerned with progress with the project to redevelop engineering technologies training facilities at the Fraserburgh Campus.

   3.4 Mr Milroy will provide an oral report to this meeting on the business conducted at the meetings of the Committee.

   3.5 The next meeting of the Committee is scheduled to take place on 15 November 2016.

4. Recommendation
   4.1 It is recommended that the Board consider the information provided on the work of the Investment and Project Committee.

Rob Wallen
Principal